

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ADDIE VANCIL, derivatively on behalf of
iStar Financial Inc.,

Plaintiff,

-v-

JAY SUGARMAN, *et al.*,

Defendants.

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No. 10 Civ. 4312 (RJS)
ORDER

RICHARD J. SULLIVAN, District Judge:

On December 12, 2011, the parties submitted a stipulation of voluntary dismissal (the “Stipulation”) pursuant to Rule 23.1(c) of the Federal Rules of Civil Procedure. Rule 23.1(c) provides that, in a derivative action, “[n]otice of a . . . voluntary dismissal . . . *must* be given to shareholders or members in the manner that the court orders.” Fed. R. Civ. P. 23.1(c) (emphasis added). The parties assert in the Stipulation that notice to shareholders is not required “because the proposed dismissal sought would be without prejudice as to other shareholders or to the Company, other shareholders have had ample opportunity to pursue, and have pursued, the same or similar demands and claims on behalf of the Company, and no consideration has been offered or given in connection with the proposed voluntary dismissal of this action.” (Stipulation at 2.)

In light of the plain language of the Rule, the Court finds that the parties’ assertions in the Stipulation alone are insufficient to justify foregoing the notice to shareholders of iStar Financial Inc. that Rule 23.1(c) requires. Accordingly, IT IS HEREBY ORDERED THAT the parties shall make a joint submission no later than December 20, 2011 providing further support for the proposition that the notice requirement under Rule 23.1(c) is inapplicable in this case.

Additionally, the parties shall propose the manner in which notice should be given to shareholders in the event that the Court finds that notice is necessary under Rule 23.1(c).

SO ORDERED.

DATED: December 13, 2011
New York, New York



RICHARD J. SULLIVAN
UNITED STATES DISTRICT JUDGE